

The Paradox of Partner Retirement

A JOINT REPORT BY
JOMATI CONSULTANTS LLP
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About this Report

This is the fourteenth Jomati report on key issues affecting the legal market.

Jomati Consultants LLP was awarded the Queen’s Award for Enterprise: International Trade 2012. The award recognises Jomati’s success in growing its international revenues year on year and for advising an increasing number of clients globally. It also recognises Jomati’s position as the leading adviser on law firm mergers.

This report was written in conjunction with BoulterBowen WealthCare, a financial advisory firm who specialise in taking the worry from money in retirement for high net worth individuals. Their clients include a number of partners and retired partners of the UK’s leading law firms.

The author of this report is George Wilkinson, who spent 36 years as a corporate lawyer before a second career in marketing and communications. He now divides his time between consulting in marketing and communications strategy; career and transition management (a direct consequence of his involvement in this Report) for City professional service firms and their partners with Milestones; and chairing the charity Bridge Mental Health in South East London.

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I. Introduction

“The partnership demographic is a ticking time bomb”

How and when partners retire is an increasingly pressing problem for law firm management, and one that is exacerbated by the contradictory nature of the challenges involved.

For management there is a tension between managing the equity (for many firms this remains essentially a headcount approach, involving conversations angled to get older partners to leave) and recognising that ‘there is a need to encourage and allow conversations to be held, to allow partners to exit but leave their clients in good hands, to ensure legacy, to feel valued by the firm, and to remain a friend of the firm’.

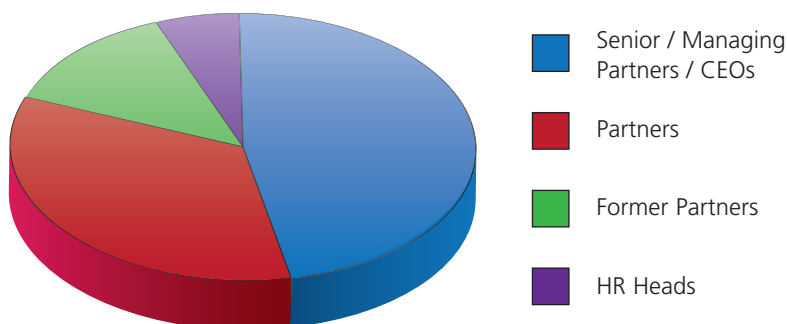
For partners, the pathway from their firms to a life beyond practice would in the ideal world be managed openly, honestly and sensitively, with all parties in agreement on the process and the timing. The reality for many is very different. This has significant implications for law firms, as these are often the partners who hold major client relationships, are responsible for significant fee income, and are leaders in their practice groups.

Firms acknowledge the difficulties partners have around retirement; partners accept, albeit reluctantly in some cases, that retirement is inevitable; and, there is a growing consensus among both firms and their partners that ‘a culture where partners think their careers are finished at 55 is not desirable’ - yet there seems to be a singular failure, by many of these firms and their partners, to engage effectively concerning retirement.

We wanted to understand why. We have looked at what firms are, or are not doing; whether there are ways to make the process of retirement more effective and less fraught; and how firms and partners address the divergence of interests that retirement from equity brings. In the course of our research we interviewed 50 partners from 28 of the UK’s leading law firms: most are managing their firms; some are still in front line law; and a number are now retired to a life after law. In large part, we have let firms and partners speak for themselves in this paper, although recognising the openness and honesty of all those who participated, the quotes we have used are anonymous.

TABLE 1

Profile of interviewees for this report



2. The challenges of retirement

“Decisions around retirement can be difficult and are not relaxed”

The interests of law firms and their partners are, for much of a partner’s career, intimately aligned but, in the last stage of that career, all too often these interests diverge. ‘The presence of senior partners’, one global Group Head noted, ‘impedes the development of younger partners’, and some firms are reporting a generational shift in the way legal work is bought and delivered: ‘our clients are younger, the way business is now done is more demanding, and the way in which we service clients in certain products is changing’.

Against this, many firms recognise the importance of ‘the wisdom and experience of older partners’, which ‘needs to be cherished’, and the perception that UK law firms exit their partners in their late 50s has been played upon by many of the US firms, especially in London, allowing them to recruit high quality partners in their late 40s and early 50s, well before any discussions have started in their existing firms. One result is that UK law firms risk losing very good quality resources much earlier than they would like.

Managing partners were clear about the challenges. They highlighted the impact of poorly handled partner retirements on succession planning. ‘Although there have been no succession problems to date,’ one firm told us, ‘there have been occasions when one has thought, ‘We could have handled this better.’ A number of partners told us that they had been the prime movers in identifying their own successors.

All stressed the need for an orderly transition to protect and maintain effective client relationships. Many referred to the difficulties they had in dealing with these issues, telling us that ‘partners aren’t open about their plans’, and that senior management are reluctant to press partners, as ‘there is inevitably an element of confrontation’. And yet effective client relationship transfer needs time. We were told of a general counsel of a FTSE 100 company who, meeting the client relationship partner one April, was introduced to a new relationship partner, as the partner was retiring at the end of the month. This was the first time the general counsel had met the new partner. He was not impressed and he decided to look elsewhere. Another London managing partner, reflecting on his firm’s experiences, said, ‘We are not as strong in this area as we should be’. His firm is one of a number prepared to acknowledge that there is still a lot to do.

For their part, partners talked of their experience of the transition out of the equity as being far from smooth. One described the process as ‘torrid, ill thought through, antagonistic and confrontational’. Firms may insist that they want to be seen to treat their partners fairly but even if firms think that they are dealing with partners responsibly, ‘for the partner being told that it is time to go may be a complete shock’.

It may be the case that at the end of the day ‘partners will go and the noise stops’, but our research suggests that there is a compelling case for firms being prepared, as one very senior City partner told us, ‘to put as much effort into the end of a partner’s career as they put into its beginning’. Changing the manner in which firms handle senior partners and their careers, and addressing the ingrained attitudes of partners to retirement, are undoubtedly long term challenges. In many cases they require a change of mindset, however there can be real advantages: for firms, there should be more natural retirements; for partners, the opportunity properly to shape their future.

3. When do partners leave?

“Age is not in itself an indicator of performance, or whether or not a partner should retire”

The age at which partners leave equity varies from firm to firm. It depends on a number of factors but nearly all the firms we spoke with are seeing partners wanting to stay on, even if only for a year or two.

There is a perception that partners in the largest global firms retire before their peers in other firms, as they achieve earlier financial security or enjoy various incentive arrangements, but even these firms are looking at partners trying to push their retirement out.

The type of law a partner practices is also a significant factor - the received wisdom, confirmed by many of our interviewees, is that corporate and transactional lawyers leave earlier; with litigators (who are perhaps more easily able to ‘set the timetable’) working longer; and some private wealth partners working beyond 60.

There are always exceptions. Nearly every firm we spoke to had a (very) small number of partners in their 60s, but for most partners life after law, in some form, starts earlier, in the latter half of their 50s. And, whether the firm has removed its mandatory retirement age or not does not seem that relevant. One managing partner (whose firm has retained a mandatory retirement age of 62 but where partners rarely stay beyond 60) observed that ‘the real question is not your firm’s retirement age but rather when partners actually leave’ This he told us, is a much more difficult question, and particularly relevant for firms with a bulge at or near the top of the equity partnership.

What is certain is that retirement from equity is a continuing concern. The baby boomer generation of partners who fuelled the growth of firms in the 1980s and 1990s are either at or rapidly approaching the time when retirement will be a reality. Given that these partners are likely to have had leadership roles in client relationships, practice groups, or in offices over much of the last 20 years, how they leave will remain a significant issue for their law firms.



TABLE 2

Law Firm Demographics

FIRM	46 to 50	51 to 55	56 to 60	Over 60	Over 60 (of which outside UK)
Allen & Overy LLP	104	60	26	1	1
Ashurst LLP	52	34	17	9	5
Clifford Chance LLP	133	95	32	10	9
Clyde & Co LLP	65	42	36	13	6
CMS Cameron McKenna LLP	40	30	19	3	0
DLA Piper International LLP	168	80	38	20	13
Eversheds LLP	82	38	24	2	0
Freshfields Bruckhaus Deringer LLP	83	77	35	2	2
Herbert Smith Freehills Global LLP	102	68	38	6	5
Hogan Lovells International LLP	81	47	35	11	7
Linklaters LLP	72	54	14	5	3
Norton Rose Fullbright LLP	62	38	20	9	1
Pinsent Masons LLP	101	43	33	8	1
Simmons & Simmons LLP	54	24	17	4	1

NOTES:

1. Source: Companies House Filings of LLP data at August 2015.
2. Top UK firms by revenue in 2013/14 excluding Slaughter and May which is not a UK LLP.
3. Only includes partners who are members of the UK LLP so may exclude all international partners depending on the structure of the firm.
4. LLP data does not distinguish between equity and non equity partners.
5. For 60+ group last column shows number based outside the UK where this is disclosed.

4. Conversations about retirement

“There is a lack of honest and open dialogue, even when everyone knows that conversations need to be held”

All the firms interviewed told us they hold conversations with partners about the future. Some firms place these in a timeframe, for example talking about an expectation that partners will discuss their plans two or three years out from retirement, or making it clear to partners that on reaching a certain age there will be such conversations. Some firms warn their new partners these conversations will take place at some time in the future; others incorporate them into their partner appraisal process; many are far less structured in the way they approach these conversations. What appears to be the experience in all firms is that the conversations ‘are not always successful’. At best they were described as ‘uncomfortable’ or ‘awkward’; at worst, we were told ‘they leave people feeling undervalued and unloved’.

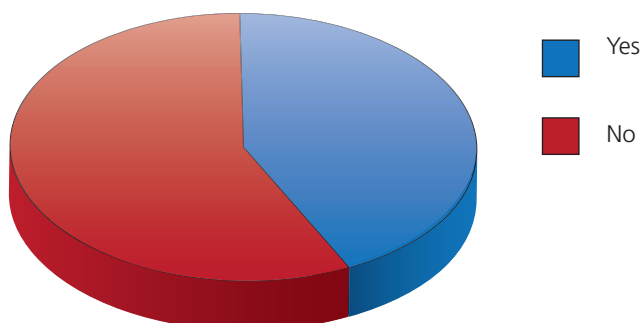
When describing these conversations, firms commonly stressed that their culture ‘makes for open conversations’. But, as one Senior Partner told us, ‘there is often a dislocation between what management says and what partners hear’ (or worse, if the Senior Partner of another firm is to be believed, between ‘what management think they have said and what management actually say’).

The partners we spoke with told us that they wanted ‘to remain in control and go at a time of their choosing’ and it is clear that some partners ‘self-select’, whether because of age, tiredness, or lack of interest - or as a now retired Magic Circle finance law partner rather more imaginatively put it, because ‘there are only so many dawn choruses you can hear from your office window in any one lifetime’. But all too often the decision is effectively taken out of their hands.

Firms invariably start and control the process that leads to partner retirement, and in very many cases this is effectively performance management (or the partner fears it will be). Of the partners we interviewed, only three had voluntarily raised the issue of retirement, each stressing they felt able to do this because of their close relationship with management.

TABLE 3

Firms with a mandatory retirement age



Of the 28 firms we interviewed, 12 (more than 40%) have retained their mandatory retirement age, and a number of others who have removed it still require consent for partners to remain beyond a certain age.

"I am able to sympathise with partners, but I find I cannot put myself in their shoes"

Without exception all the managing partners we interviewed have already each made a successful transition from practice to management.

They are alive to the challenge that transition brings. In their own careers, they have already experienced it.

But some admit to having difficulty in imagining what it is like for partners not to know what such a transition entails - for they themselves already know it.

This 'curse of knowledge', as it was recently described by the US cognitive scientist Steven Pinker, makes the conversations that need to be held that much more difficult.

5. Why do partners stay?

“The prospect of staying is often more attractive than that of leaving”

Partners look to stay longer for a number of reasons. Some have financial concerns: one managing partner referred to the psychological effect of the global recession, and the concern about ‘what if it happens again?’. Others talked about partners ‘having given little thought to the financial implications of life after law’, or of firms that have experienced a lack of profitability, where ‘transition may be harder, with partners feeling nervous, even desperate’. There is also, as a London senior partner remarked, a ‘strong correlation between divorce and working longer.’ Our research, however, suggests it is rarely money alone that makes partners want to stay, although, as we see in the next section, it still plays a large part in the mind of partners.

More often partners fail properly to address retirement out of a potent mixture of fear - of loss of status, of change, of loss of community - and uncertainty about what comes next. Partners know that ‘sooner or later everyone has to leave their law firm’, even if they are able to push retirement out longer than they had perhaps once anticipated. There is also the fear that if they don’t choose to go, they are likely to be undone by performance, and will find themselves managed out. But for many partners, it appears that imagining life after law is a challenge, and the word ‘retirement’ with its connotations of ‘ceasing meaningful employment’ or ‘withdrawing from society’ is itself a problem.

Underlying this is the ‘stigma of retirement’ - that starting any discussion about retirement will be seen as a sign of weakness, and that the partner will lose control of the process. We were told that conversations don’t happen, as there is the fear that if they were to, ‘that would be it’ (a comment echoed by an ex-managing partner, who confirmed that ‘starting this sort of discussion in the past had been a proxy for saying the time has come to say good-bye’). And even when partners and their firms have discussions, all too often it appears that retirement is ‘the elephant in the room’. Indeed, there is anecdotal evidence to suggest that some partners choose to move to US firms to avoid the embarrassment and difficulties that such conversations may cause.

Managing partners for the most part understand this. We were told, ‘In the mind of the partner being asked the question, ‘How long do you see yourself in the partnership?’ it becomes no sooner aired than inked’. But they were also very clear that the conversations need to be held.

Certainly top flight law is all-consuming and lawyers tend to be very driven. In part this reflects their inherent insecurity: the perception that they are only as good as their next deal or next case.

The result is that lawyers often focus solely on the job in hand. This makes it very difficult for them to contemplate retirement or even start developing the contacts they will need for a career outside the law.

For most partners it is easier to concentrate on the present and avoid having to think about what might come next. One 60 year old partner admitted that he ‘hadn’t really thought about the future’ and even those partners who have are uncertain. A partner in his late 50s told us that he knew he would ‘need to do something, and that he would need a focus’; but, he added, ‘he wasn’t yet sure what that focus might be’.

There is also a sense, shared by firms and partners, that there is a lack of opportunity for lawyers at retirement. Partners are still moving elsewhere to prolong their careers, whether to US firms in London or to smaller English firms, but the route to the boardroom or in-house is now more difficult. We were told that ‘the City is knee deep in 50-something commercial lawyers all looking for an NED position’. As the managing partner of a global law firm commented, ‘there is a mismatch between the potential supply of experienced lawyers and market demand’. There is also, we were told, ‘a perception that partners’ expectations are not always as realistic as they might be’.

Finally, and somewhat perversely, law firms make it hard for partners to leave. They want to keep partners (at least until the time comes for them to go) but in doing so they may make partners too ‘sticky’. We were told the more cohesive and supportive the partnership is, ‘the more partners build the fabric of their life around the office and the partnership’. In turn this leads to ‘the feeling about the importance of status, and the strong bonds between firm and partner, and between partners’, best summed up in the comment by an ex-partner to one of his colleagues, still in practice, ‘You’ll find life outside the firm much less satisfactory than partnership.’

"Leaving will involve both intellectual and emotional change. I know it is inevitable, I have thought about it, but I am still apprehensive about it."

This reflection by an equity partner who qualified at the end of the 1970s perfectly expresses the challenge of retirement. Now 60, he has spent the past three years or so grappling with the 'What next?' question, even to the extent of researching the literature (of which, he remarked, 'There is very little').

His experience, which is somewhat different to the view of his managing partner, is that his firm provides little or no support to partners in his position. There has been no counselling, no assistance or guidance, and there is no structure in place. In his words, 'Not a lot happens here about the 'What next?' bit.'" And he has been struck by the contrast between the way his firm, and other law firms, approach the retirement of partners, and the way the large accountancy firms deal with it (comments echoed by a number of other law firm partners).

The accountancy firms, he told us, have programmes that 'explore the full and rich range of possibilities'. Law firms seem not to.

6. Can partners afford to go?

“No sooner does a partner ask himself the question “What am I going to do in retirement?” than he thinks, “How am I going to afford it?”.”

Although many of the partners we spoke with talked less about money and more about meaning, as partners approach (and enter) retirement they inevitably have to face complex issues around money, and ones that may not have been priorities while they were earning. These challenges are not just for the partner. A lack of understanding of their financial position (as one partner told us, ‘There is an assumption that partners are financially literate - they aren’t.’) combined with the inherent insecurity from which many lawyers suffer, often colour a partner’s judgment about when and how to retire. As one managing partner remarked, ‘If partners aren’t sure about how much they’ll need in retirement, they will stay on’.

Partners in successful law firms are, by and large, well rewarded in terms of income but unlike an entrepreneur, who might expect a capital return on exit, partners have to save for their retirement from taxable income. The partnership model is based on an annual profit strip and, as one managing partner regretted, ‘partners leave with no ongoing interest and no ownership stake to sell’.

A generation ago firms adopted a somewhat more paternalistic approach, often insisting on partners saving for retirement, but today partners alone are responsible for their financial planning. Most save, but the experience of the wealth managers we have spoken with is that whereas many partners will have some idea about the amount they need to save, it is often the case that they inflate the number they think they will need, and so add to the pressure to carry on working. In part this is because they know that they are likely to live longer (and possibly need to provide for a longer period of healthcare) but a lot is simply down to a lack of knowledge.

Individual partners’ circumstances will always be different, and investment assumptions need to be specific to each individual and the level of risk adopted, but this table gives a guide to the minimum level of savings needed to provide a reasonable level of income from accumulated capital.

TABLE 4

Assets needed for retirement

Partner's age ▼	Providing gross income of £10,000 per month to spouse's age:		
	85	90	95
50	£2,581,000	£2,717,000	£2,831,000
55	£2,420,000	£2,581,000	£2,717,000
60	£2,227,000	£2,420,000	£2,581,000
65	£1,998,000	£2,227,000	£2,420,000

Notes:

1. Figures in the table are for guidance only and they should not be taken as guarantees of future performance.
2. Calculations made on a real return, based on likely expectations from a balanced portfolio with 50% growth assets.
3. Figures assume a gross withdrawal of £10,000 per month, increasing in real terms throughout lifetime illustrated.
4. Calculations assume that spouse is five years younger than retiring partner.
5. All totals are rounded to four significant figures, and assume that capital is eroded at the end of the period.

Providing income is only part of the overall picture. There may well be other responsibilities that a partner may need to consider. Typical examples raised with us (and this is not an exhaustive list) include: provision for a former spouse and costs of educating a younger second family; financial support to parents needing care in later years; helping children onto the property ladder and contributing to the education of grandchildren (and even the possibility of a future inheritance from parents).

Often there will be decisions to make about the family home; for example, whether or not to downsize and, if so, when this should be (assuming that this is possible or acceptable); the costs compared to the benefits of maintaining private medical cover and which pensions, savings and investment vehicles are appropriate (taking into account opportunities for effective tax planning and mitigation).

The other trait remarked upon by the wealth managers is that partners tend to be risk averse when faced with the task of investing their accumulated capital. They fear making mistakes with their savings, as they know there will not be any future earnings available to rectify them; they have concerns about maintaining their lifestyle and not outliving capital. Their cash flow planning, which might be for no more than 12 months into the future, must now run for two lifetimes. What might have once been a quick 45 minute meeting with a financial adviser in the office, usually interrupted by client pressures, will now be a considerably longer and more in depth meeting - and will include their spouse, who will often share the same concerns, fears, and lack of understanding.

Looking ahead, the challenges for partners in ensuring that they have made appropriate financial provision for retirement are not going to get easier. The track into equity is now longer in nearly all the firms we spoke with, and, as we have seen throughout our research, the pressure on partners from their firms to leave equity is no less. Even in profitable firms, partners have the same fears and concerns around money and retirement, and whereas the baby boomer generation of partners have benefited from significant house price inflation and almost unlimited tax efficient savings into pensions, future generations of partners may not have the same advantages. Today's partners may not be as fortunate as one now ex-partner, who told us that in his early 40s he had set himself (and his financial advisers) the goal of being financially independent and not having to work by the time he reached 50, and that 'by and large, he felt he had succeeded in this objective', but appropriate and timely financial planning is a critical part of a partner's preparation for life after law.

Doing very little and hoping for the best is not going to work.

Encouraging partners in good time to develop appropriate individual strategies, which take into account lifestyle, risk management and cashflow requirements, should help mitigate the concerns partners have about the financial aspects of leaving the equity. This in turn may make the conversations that firms and their partners need to have around leaving the equity easier, as they will not be coloured by a partner's financial fears (whether or not these have been disclosed).

7. What are firms doing to help partners prepare for life after law?

“Partners by and large don't prepare, don't think, and positively avoid facing retirement”

Most firms echoed the City managing partner who was clear that ‘partners need to be prepared for life after law’ and there was a shared understanding among firms and partners that ‘going from an all-consuming work life (which ultimately is not sustainable) to nothing is not sensible’. At the same time many firms confirmed that it is only a very few partners who translate the ‘you need to plan for retirement: to think and do, rather than have it done to you,’ into something more concrete. It seems common across all the firms we spoke with that the majority of their partners either simply don't plan, or else leave it very late.

Perhaps, as a senior corporate partner admitted, this is because ‘the easiest thing is to do nothing’, but it is equally true firms don't make it easy. In many of the firms we spoke with, a partner's retirement planning is for the partner to arrange. One recent Senior Partner commented, ‘at the risk of sounding defensive, the board hasn't felt there was a need for a structured programme, and that it should be left to partners’.

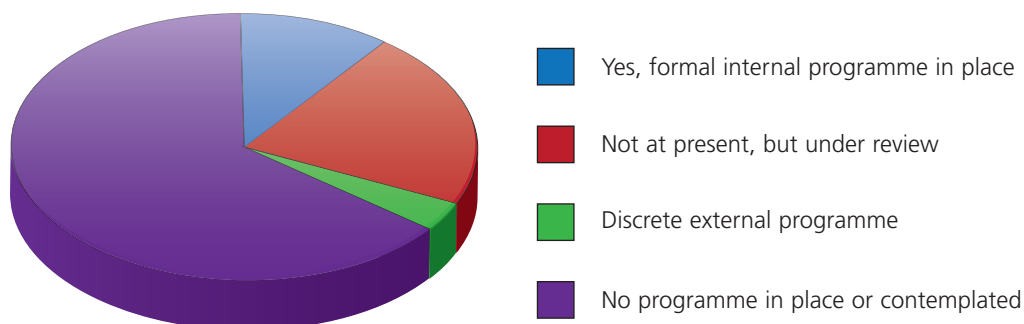
Another firm told us that it had ‘a clear line, that preparation for life after law is very much an individual's responsibility’ and that there had been no consideration by the firm of providing help or support to partners, as this ‘is not something that any partner has asked for.’

Firms were keen to stress that they provided support to partners at various stages in their careers, offering their partners coaching, access to financial advice, subscription to networking groups, or, encouragement to take up external opportunities. But this is often ad hoc, a response to perceived needs identified at partner appraisals or at the request of a particular partner. Unlike the largest accountancy practices, there are few law firms that offer any structured preparation for retirement. Yet, as the managing partner of one international firm told us, ‘where there has been support, allowing shading down, it has been win-win. The partner has been happy and the firm has benefited’.

Some firms use retired partners for specific projects, including client reviews, training and assessment programmes for partner candidates, or retain and involve them in ambassadorial roles and in big set-piece client events. This has real benefits for both: the firm has access to experienced resources that know the firm and the partner retains some link with the firm and feels of value to it. ‘There needs to be more recognition of the value of retired partners’ we were told but still only a few firms are involving their retired partners in this way.

TABLE 5

Firms with an established formal programme for partner retirement



A number of firms have also established effective alumni programmes, allowing ex-partners to maintain a sense of belonging and community, although it is perhaps more often the case that partners retain their friendships with fellow partners and less the direct link to their firms.

Firms are also encouraging their partners to gain a measure of experience outside legal practice, whether as school governors, trustees of academy trusts or not for profits, in non executive director roles, or in the Judiciary. Despite concerns voiced by some firms that partners will 'take their eye off the ball', others talked about the opportunities external involvement provided for their partners 'to develop a broader network and more skills'. Yet partners in some firms seem reluctant to take up such opportunities. Among the reasons given to one Senior Partner were, 'Not enough time' and 'Doesn't apply to me'. Another was puzzled at the lack of interest shown by partners. 'I have not only put alumni partners in front of my partners,' he said, 'but I have asked others in to discuss non-executive director and trustee roles; I circulate opportunities; and some three years ago I suggested that partners in their 50s who wanted to take external appointments should - but no one has'.

There also remains the suspicion among partners that even when their firms offer support, this is simply preparing the ground for a discussion about exit. 'Partners think I have a hidden agenda,' said one Senior Partner. 'I know that when I put an appointment in a partner's diary, they will immediately call my PA to ask if they should be worried'.

There are always those partners who get it, who build their networks, who develop their relationships, and who plan their transition. But the vast majority of partners, who put in the hard yards in their firms, and who are good corporate citizens, don't. We were told by one ex-managing partner that his experience is that 'partners have been focused on the law and their firms for so long, that the size and quality of their network outside the law is often staggeringly small'.

It may, as one chief executive told us, be down to 'a lack of imagination', but just as likely it will be 'a lack of knowledge' and opportunity.



8. What might firms do?

“The fundamental challenge for firms is how to make conversations about retirement effective”

One managing partner told us that there are essentially two issues for his firm. The first is asking the partner the question, ‘How long do you see yourself in the firm?’; and the second is then having the resulting conversation. The challenge for management in all the firms we interviewed is how to make those conversations effective, given the divergence of interests of partners and firms, the imperatives of law firm management, the fears and uncertainties of partners, their reluctance to plan or prepare, and the somewhat limited nature of the support firms presently offer.

Our research suggests that one of the principal issues is timing. If the partner is not prepared for the question, and hasn’t thought through or been allowed to think through, the consequences of his answer, the conversation that follows is less than effective. Partners need to prepare practically and emotionally for life after law. They need to have thought about the question ‘What are you going to do for the rest of your (now longer) working life?’ and only then may they be able to answer the question, ‘When do you see yourself leaving the firm?’.

Firms acknowledge that partners need time and space to think about retirement. The next step is for firms to consider how best to give them permission to do so. Providing ad hoc support to partners goes only part of the way. It addresses particular needs, and where the partner concerned is one of the minority actively planning for retirement and transition out of the equity, it is likely to be effective. But for many partners, such a relatively unstructured approach may not be sufficient.

Certainly this gap in partner career management is a challenge for firms. One managing partner, when discussing how his firm might introduce a more formal retirement programme for partners, commented, ‘there would be number of difficulties in talking about a ‘Life after law’ programme. When do you raise it with partners? How do you answer the ‘Why me?’ question? It would be necessary to institutionalise the process.’ Our research shows that this is already happening. Three of the firms we interviewed have already established formal internal programmes to help partners plan for retirement; a further six are actively considering such a programme; and one has a discrete external programme.

The three programmes are each particular to the firm concerned, but each share a number of important features

- in communicating its programme to partners, each of the firms seeks to make it clear it is an invitation to attend and not ‘an invitation to leave’.
- the participants are volunteers. The manner of invitation varies, but there is no compulsion (although one of the firms considering introducing such a programme said it was still deciding whether the programme should be incorporated into their compulsory partner career development programme).
- all three firms involve alumni partners in their programme, as they are ‘known and trusted’.
- each programme is positioned as being owned by the firm. They involve external specialists, e.g. career coaches or independent financial advisers, but each firm has taken great trouble to ensure partners feel that the environment is clearly the firm’s.

- each programme covers both the practicalities of transition (process, money, skills, CVs, networking, virtual/home office, routes to new opportunities) and reflection on the effect of transition on the partner (the emotional impact of leaving, managing expectations, hopes and fears, rejection and loss).
- each is a mixture of group sessions and one to one sessions (either in the course of the programme or subsequently).

The three firms each reported that the response of their partners had generally been positive, with good feedback from the participants. One said that participants 'appreciated sharing emotions, the support offered by others, the camaraderie'.

They all also referred to the concerns that partners had - 'you cannot underestimate the fear of the impact of putting one's hand up and talking about retirement; partners need to feel safe about this' - and the importance of addressing this, in particular getting the messaging and positioning around the programme right. The immediate thought of one partner on receiving his invitation was, 'Why was I asked to participate?'

The fears of partners about leaving the equity are deep seated. One firm introduced a partner development programme some years ago, aimed at partners over 50, with invitations issued to those whom management believed might benefit. Instead, the programme was simply 'perceived as part of the partner exit strategy' and as a result was abandoned. The firm is now revisiting this and is one of the six firms actively considering introducing a formal programme.

What is clear is that there is a growing realisation, at least in a number of the law firms we spoke with, that they need to offer more or risk losing partners, and that, as one CEO told us, 'there is lots of value in doing it better'.

One of the firms that has introduced a formal programme, initially found itself putting a considerable amount of time and effort into explaining to particular partners why they had been invited to participate.

It has addressed this concern by issuing random invitations, based on 5 year anniversaries from the start of an individual's partnership. As a result their programme, which is run in-house by an external career coach, includes partners at every level of partnership.

The object of the programme is to get partners to reflect and think about their careers, and to encourage a broader perspective. The firm sees a significant advantage in having such a wide cross-section of partners. It allows for cross-generational support, mentoring, and a sharing of experiences - and encourages a rebuilding of the fabric of the partnership across those generations.

9. Conclusion

“A gap that needs to be filled”

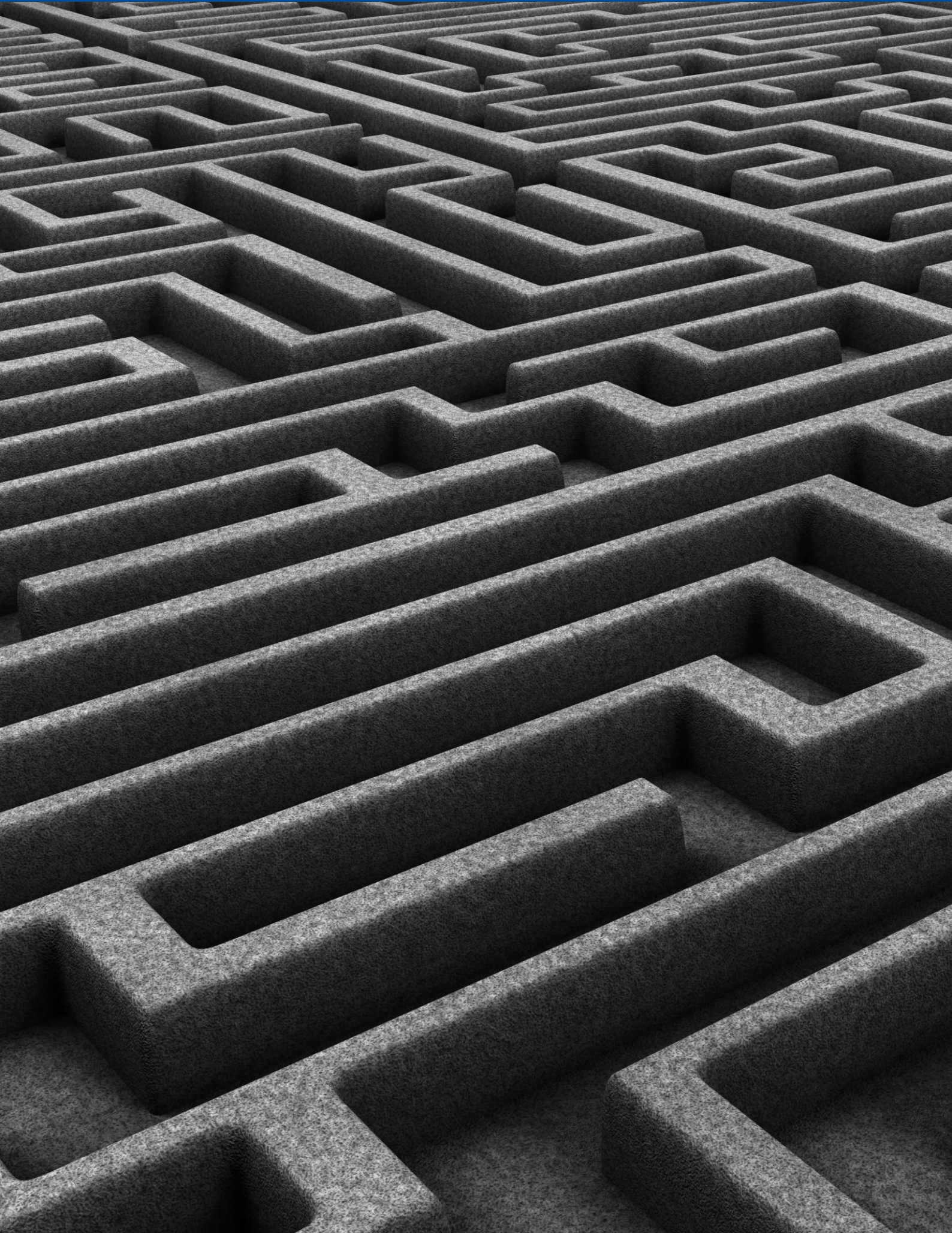
The past two decades have seen unparalleled growth for UK firms but the baby boomer generation of partners, many of whom have held key management and practice leadership roles in their firms throughout this period, is now making way for the next generation. There is a real need for law firms to meet the challenge of this transition and neither law firms, nor their partners, should underestimate the impact of poorly handled partner retirements on effective succession and client relationship handover.

From our research and the conversations we have had with partners, it is clear that although law firms are starting to address the issue, it is still only a minority that is providing, or considering, ways in which they might provide more structured and timely support. Those that are doing so, recognise that without such support the necessary engagement between firm and partners around retirement will remain challenging, and the impact of the divergence in their respective interests will continue to be significant for both.

One partner in the global elite, responsible for implementing his firm's retirement programme, explained the rationale for its introduction, 'There is a way to deal with partners who have made a huge contribution; and there is a need to get it right.' But, from the discussions we have had with management and partners, it is clear that although many of the firms we spoke with aspire to something similar, not many, at least for now, are getting it right.

For partners, the culture within most law firms remains one of high challenge and low support and for the majority, their retirement planning remains haphazard. The uncertainties of life after law and the apparent lack of opportunities, combined with the demands of practice, mean that all too often partners reach retirement from equity without having given the next stage any real thought, and without an effective strategy, both to remove the concerns they have over the financial aspects of retirement and to help them transition into life after law.

Each firm will need to make its own choices about how best to offer support, but there is a pressing need for firms to demystify the process, to address the fears and uncertainties of partners, and to make sure that the conversations they hold are honest and effective.



Thanks

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